

# chapter thirty one

## Clubs

31.1 Gambling in members' clubs and miners' welfare institutes is treated in a unique way in the Gaming Act 1968. There is a great variety of clubs: local sporting and social clubs, Conservative clubs, Royal British Legion clubs, working men's clubs etc. A members' club is a private, social environment run for the benefit of its members. It is a key criterion for registration as a club under the Gaming Act that gaming is not the principal purpose (unless the gaming is restricted exclusively to the playing of bridge and or whist.<sup>1</sup>) Any gain the club may make from charging members for participating in gaming must be used for the benefit of the club.

31.2 The treatment of clubs in the 1968 Act reflects their special role in the community. Clubs are not-for-profit organisations and are private rather than public institutions. Therefore they retain some of the protection from regulation which is accorded to a private residence. There are three consequences of this that are particularly noteworthy:

- clubs can offer gambling opportunities which are more favourable to the punter than those provided in commercial establishments
- there is an opportunity for under-age gaming
- clubs are not regulated by the Gaming Board and so not subject to inspections in the same way as other gambling providers.

31.3 Annex I contains background information on gaming in clubs.

### Membership and under 18s

31.4 People under 18 can be members of clubs registered under the Gaming Act. But under 18s must not be present in the room when equal chance gaming takes place. Restrictions relating to children on licensed gambling premises do not apply to premises registered as clubs under the 1964 Liquor Licensing Act. There is thus no legal restriction on the access of children to places in registered clubs where jackpot machines are located, and no law to prevent them playing on them.

### The Working Men's Club and Institute Union

31.5 The Working Men's Clubs and Institutes Union Ltd (WMCIU) is a federation of 3,000 clubs with 4 million

members. The WMCIU<sup>2</sup> supported the maintenance of a tight regulatory structure, but suggested that there should be differences between the regulation of hard and soft gambling. The WMCIU told us that it would like to be able to offer more card games without the complexities of registration under Part II of the Gaming Act and noted:

*any measures to simplify and rationalise the law inasmuch as it relates to the unique position of Working Men's clubs, (which are essentially private in character) should be aimed at promoting participation in gambling as a recreational activity within the family context of clubs. ... Moreover, as all members are equally entitled to any surpluses on a solvent distribution there can be no risk of commercial exploitation of members for the pecuniary advantage of any particular individual unlike the position which obtains in a proprietary club.*

### Enforcement of gaming legislation in clubs

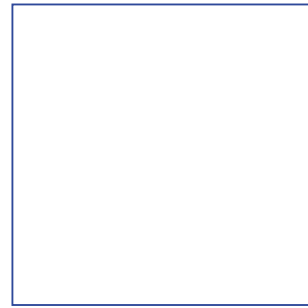
31.6 Under Part II of the Gaming Act 1968 the Gaming Board is charged, in particular, with keeping under review the extent, character and location of gambling facilities which –

*(a) are for the time being provided on premises in respect of which licences under this Act are for the time being in force, or in respect of which clubs and miners' welfare institutes are for the time being registered under this part (ie Part II) or under Part III of the Act, or,*

*(b) are the subject of applications for the grant or renewal of such licences or such registration."*

There is a practical hurdle for the Gaming Board in fulfilling this duty with respect to clubs and miners' welfare institutes. Gaming Board Inspectors have no right of entry to clubs registered under the 1968 Act. Section 43 of the Act gives the Board rights of entry to premises and to inspect documents solely in relation to premises licensed under the Act. The Board therefore has no right to monitor or inspect registered clubs. Similarly, the police have no rights of admission except under the authority of a warrant issued on suspicion of offences being committed.

<sup>1</sup>-There is a distinction between gaming, which consists exclusively of playing bridge or whist (taking place on a day on which no other gaming other than gaming by machines is available), and other non-banker equal chance games. Much higher special charges are permitted in the case of bridge and whist under section 40 of the 1968 Act. The distinction arises because of the very considerable element of skill involved in the two games. Since there is also a significant element of chance in both games, both fall within the legal definition of gaming when played for money or money's worth. Smith & Monkcom (1987) p367 2-WMCIU (2000)



31.7 The Gaming Board told us:

*Given this situation, it is very difficult for the Gaming Board to comment on whether gaming is being properly conducted in these clubs or whether there are problems or significant issues of concern. From time to time we hear accusations and rumours about fears that those running some clubs are using revenues, particularly from machines for improper purposes, or may even be embezzling the monies.*

31.8 There is self-regulation by clubs. Clubs which are registered under the Friendly Societies Acts and the Companies Acts have to appoint an auditor, submit annual financial returns and comply with a specified framework governing their constitution. Most clubs serve intoxicating liquor and are therefore subject to the provisions of the 1964 Liquor Licensing Act, which contains general directions about club rules for clubs registered under the Act.

31.9 We are content that non-commercial gaming of the kind currently allowed should be permitted to take place in clubs without the need for the club operators to be licensed by the Gambling Commission, or the premises to be licensed for gambling by the local authority. However, the Gambling Commission should have the ability to monitor the gaming that is carried on in clubs and to investigate and prosecute illegal gambling together with the necessary powers of entry and seizure. **We recommend that the Gambling Commission should have the power to inspect clubs where gaming is carried out.**

### Bingo in clubs

31.10 During our visits to clubs, we learned that there were plans to introduce linked bingo, to be run by a commercial company with prizes of up to £20,000. The Gaming Board confirmed that it had been consulted about this proposal, although it was outside its remit. We understand that the Bingo Association is concerned about the competition posed to bingo clubs by this development.

31.11 If these plans for offering linked bingo in clubs were to be pursued it would be difficult to justify the rigorous assessment of the fitness of people offering bingo on commercial licensed premises. Under current legislation, there would be no regulation at all of those offering similar levels of prizes on private premises, even though a commercial company would be running the game. Bingo is classed as equal chance gaming and clubs offering bingo as their only gaming activity are not required to register under the Gaming Act. We think big prize bingo should come within the ambit of regulation and have therefore recommended in chapter 25 that where the size of prizes for bingo in clubs is beyond a limit of £1,000 per week it should come within the scope of regulation by the Gambling Commission.

### Jackpot and other gaming machines in clubs

31.12 The Gaming Act 1968 enables Clubs registered under Parts II and III to have 3 jackpot machines with a maximum prize of £250 and stake of 50p. In chapter 23 we have recommended that jackpot machines should be limited to highly regulated gambling specific environments such as casinos, bingo halls and betting shops, which are clearly out of bounds to the under 18s. We therefore do not think it appropriate that jackpot machines should be accessible to children in clubs. We have suggested that clubs should have the same entitlement to all-cash machines as pubs and other premises licensed for the on-sale of alcohol.